

Hawai'i Construction Alliance

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June 28, 2017

The Honorable Kymberly Marcos Pine, Chair
The Honorable Ikaika Anderson, Vice Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

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RE: Support for and Comments on Bill 59, Relating to Affordable Housing Incentives

Dear Chair Pine, Vice Chair Anderson, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We have been extremely concerned about the chronic deficiency of rental apartment housing across the state, which is negatively affecting families throughout the entire community – including our members. Along with our partners in the banking, development, landowning, contracting, architecture, and engineering communities, we have identified measures which can be taken to improve the economics of construction, developing, and financing rental housing projects.

Our partners in the private sector have committed to undertaking several initiatives to lower the cost and improve the operations of rental housing through the Hawai'i Rental Housing Coalition. On the State side, the Legislature recently passed HB1179, which was signed into law by the Governor last week as Act 54 (2017). Act 54 (2017) created a new class of affordable rental housing projects which would eligible to be exempt from the general excise tax under HRS 201H-36(a)(5), which would automatically improve the economics of producing these projects by 4-4.5%.

Through Bill 59, we are seeking to ensure that these new HRS 201H-36(a)(5) rental housing projects will receive City-level incentives to help them become economically feasible. Specifically, Bill 59 would provide incentives in the form of real property tax exemptions, waivers for wastewater system facility charges, waivers for building permit and plan review fees, and waivers for park dedication requirements for certain affordable dwelling units. **We applaud the administration for proposing these incentives and deeply appreciate the favorable response these incentives have received from the Council thus far.**

We are somewhat concerned, however, that portions of Bill 59 are dependent on definitions provided in the recently-introduced Bill 58. We are concerned that if Bill 58 should require more work, discussion, or hearings, the incentives in Bill 59 may be delayed or perhaps not fully implementable. **Therefore, we seek the Council's assistance in ensuring that regardless of what happens to Bill 58, that the incentives contained by Bill 59 can move forward, particularly as they apply to HRS 201H-36(a)(5) affordable rental projects.**

Mahalo,

A handwritten signature in black ink, appearing to read "Tyler Dos Santos-Tam". The signature is fluid and cursive, with the first name "Tyler" being the most prominent.

Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org